CAMDEN SNOW BOWL IMPACT STUDY

FOR

RAGGED MOUNTAIN RECREATION AREA FOUNDATION

Final

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EXECUTIVE SUMMARY

Introduction

Camoin Associates was commissioned by the Ragged Mountain Recreation Area Foundation to conduct an economic impact analysis on the Camden Snow Bowl as part of its effort to raise funds to finance a major redevelopment project. The purpose of this report is to quantify the economic benefits of the Snow Bowl on the town of Camden and surrounding areas. Specifically, the report estimates the Snow Bowl's impact on sales, jobs, and wages. The following is a summary of the major findings of the report.

Estimated Visitation

Based on information provided by the town of Camden Department of Parks and Recreation, Camoin Associates developed a reasonable estimate as to the number of Snow Bowl users that originate from outside of the town of Camden. The research indicates that, of the 30,600 annual users of the Snow Bowl, approximately 16% come from the Town of Camden (called "Resident Users"), 24% come from within a 30-minute drive time (called the "Local Users") and another 59% come from outside the 30-minute drive time (called the "Non-Local Users"). We assume that spending by the Local and Non-Local users related to the Snow Bowl has an impact on the local economy. In addition, since the Snow Bowl is such a unique type of recreation venue with no adequate substitution for Resident Users, we assume that spending by Resident Users on lift tickets also has an impact on the local economy. In other words, if the Snow Bowl were to cease operations, those Local and Non-Local Users would cease spending those funds in the local economy and the Resident Users would take their winter recreation spending money outside of the Town.

Total Impact

Using the count of "new" visitors and their spending patterns plus local lift ticket spending, we used an economic impact modeling system to gauge total impacts. The following table shows the direct and indirect economic impacts of the Snow Bowl on the town of Camden.

Economic Impact							
Direct Indirect Total						Total	
Sales	\$	2,667,188	\$	1,021,922	\$	3,689,110	
Jobs		50		12		62	
Earnings*	\$	1,042,721	\$	375,380	\$	1,418,101	

Source: EMSI, Camoin Associates

The \$2.67 million in direct spending (sales) creates 50 direct jobs and \$1.0 million direct earnings. Because of the "spillover effect", an additional \$1.0 million in sales, 12 jobs and \$375,380 in earnings occurs as those new dollars circulate through the local economy. Therefore, the Snow Bowl has a total impact of nearly \$3.7 million in sales, 62 new jobs, and \$1.4 million in new earnings.



^{*} Includes salaries, supplements, benefits, and business income

INTRODUCTION

The Camden Snow Bowl is located "where the mountains meet the sea", on Ragged Mountain in the town of Camden, Maine (the "Town"). The Snow Bowl is a community owned ski and recreation area with ski and snow board trails, snow tubing facilities, an ice skating area, toboggan chute, and many other all-season recreation opportunities. The Town is in the middle of a major capital campaign to

make improvements to the facility and, with the support of the Ragged Mountain Recreation Area Foundation, has hired Camoin Associates to conduct an economic impact analysis of the Snow Bowl on the town of Camden.¹

During the 2012-2013 winter season the Snow Bowl was open 70 days with 73 full time and part time seasonal employees. They sold 1,039 season passes and estimate nearly 30,600 total skier days. Lift ticket prices range from \$13 for a two hour mid-week pass to \$35 for an adult full day weekend pass.

PROJECT

The town of Camden is undergoing a major capital campaign to design and fund a project to enhance the Snow Bowl's existing winter activities and make it a four-season attraction for Camden residents and visitors to the Mid-Coast Maine region ("Project"). The Ragged Mountain Recreation Area Foundation, first established in 1991, is in charge of private fundraising and has raised almost \$4 million so far. It is the Foundation's intention to raise an additional \$500,000 before the Town votes on a \$2 million bond for the Project. Town residents will vote on the bond in November 2013.



Source:http://www.theskichannel.com/resort/20090609/community-toboggans-and-the-camden-snow-bowl-of-midcoast-maine/

The Ragged Mountain Area Recreation Foundation describes the \$6.5 million Project as "new trails, a triple chairlift, a new lodge, expanded snowmaking and many other improvements toward making the recreation area a refreshed and sustainable community asset. The sooner the vision can be realized for this vibrant four-season destination—a place to ski and snowboard, toboggan, swim, canoe, hike, bike, walk dogs, play tennis and field sports, and host events—the sooner its recreational, health, and economic benefits will be felt by everyone in the Midcoast."

METHODOLOGY

Data Sources

Camoin Associates reviewed data and information from a variety of sources including the following:

- Town and state of origin information provided by the Town of Camden Department of Parks and Recreation. Information collected in 2011 between January 13-February 6 and February 21-February 26.
- Zip code of origin for all season pass holders

¹ Note that for the purposes of this analysis we modeled the impact on Knox County but that all of the direct and a majority of the indirect impacts will occur in the town of Camden.



- Annual use between 2006-2013²
- Annual payroll related to winter use of the Snow Bowl
- Estimation of National Forest Visitor Spending Averages from National Visitor Use Monitoring: Round 2. May 2013. Produced by the United States Department of Agriculture. http://www.fs.fed.us/pnw/pubs/pnw_gtr883.pdf
- 2012 Recreation Economy Report: Technical Report. Produced by the Outdoor Industry Association.

Methodology Employed

Camoin Associates employed the following methodology to determine the economic impact of the Camden Snow Bowl:

- 1. The Camden Department of Parks and Recreation provided Camoin Associates with information regarding annual winter use of the Snow Bowl to use as a baseline for visitation.
- 2. Camoin Associates developed an estimate for the percent of users who come from a) the Town, b) a 30-minute drive time and c) outside a 30-minute drive time based on zip code information provided by the Camden Department of Parks and Recreation.
- 3. Based on the new visitation estimates developed in Step 1 and the percent of Resident, Local, and Non-Local Users identified in Step 2, Camoin Associates determined the number of Local and Non-Local Users that use the Snow Bowl on an annual basis.
- 4. Based on spending estimates prepared for other similar studies, Camoin Associates determined average visitation spending of a typical Local Users and a typical Non-Local User.
- 5. Using information provided by the Camden Snow Bowl website, Camoin Associates estimated the total amount in ticket sales revenue generated on an annual basis by Resident Users.
- 6. Aggregated "new" spending by multiplying the average spending (Step 4) by the "new annual visitor" estimates (Step 3) and adding the local ticket sales revenue (Step 5).
- 7. Calculated direct jobs/economic activity resulting from the "new" spending (Step 6).
- 8. Modeled indirect impacts on jobs/economic activity using multipliers provided through the EMSI software package.
- 9. Arrived at total economic impacts as the sum of all direct and indirect impacts in an average year of operation.

Modeling Software

Economic Modeling Specialists, Inc. (EMSI) designed the input-output model used in this analysis. The EMSI model allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the study area and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the study area's economy. This is

² It is important to note here that another major source of visitation for the Town and the Snow Bowl is the U.S. National Toboggan Championship. The Championship brings in approximately \$54,400 to the Snow Bowl each year as teams register. However, the impact of this event is not included in the analysis because information is not available as to total number of visitors or where they are coming from. For more information about the U.S. National Toboggan Championship please contact the National Toboggan Championship Committee which can provide information on visitation and the economic impacts of this annual event. The focus of this analysis is on the skiers and snowboarders who purchase lift tickets.



captured in the indirect impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

ECONOMIC IMPACTS ON CAMDEN

Total Visitation

The Town of Camden Department of Parks and Recreation maintains annual visitation statistics for the Snow Bowl. Over the last five years, the Snow Bowl saw an average of 29,849 total winter season users.³ Note that this analysis focuses on use by downhill skiers and snowboarders.

Annual Visitation*					
2008-2009	27,669				
2009-2010	30,363				
2010-2011	33,749				
2011-2012	26,873				
2012-2013	30,592				
Average	29,849				

Source: Town of Camden Department of Parks and Recreation

For the purposes of this analysis we will use the most recent year's figure of 30,592 annual users.

Visitation Estimates

As summarized in the following table, net new visitation is considered the number of visitors to the Camden Snow Bowl who originate from outside of the town of Camden. This information comes from two sources: town of origin data for the season ticket holders and a town of origin survey conducted by the Camden Department of Parks and Recreation provided during a 23 day period in Jan/Feb 2011.

As shown in the table below, 31% of the season ticket holders and 9% of the non season ticket holders are from the Town of Camden, the rest are from outside of the Town. The table below breaks down Snow Bowl use by Resident Users, Local Users (come from Towns within a 30-minute drive time⁴) and Non-Local Users (come from outside a 30-minute drive time). Non-Resident Snow Bowl users are "net new" to the town of Camden. Their spending impacts the Town economy because, without the Snow Bowl, we assume these Non-Resident Users would spend their money elsewhere for winter recreation.

⁴ Includes the following towns: Lincolnville, Appleton, Hope, Rockland, Rockport, Thomaston, Union, Warren, Belmont, Isleboro, Northport.



^{*} Tickets issued plus 15 days per season pass holder

³ Throughout this report the term "user" refers to one day of skiing. For example, the same person might ski three days during the winter but they are considered three separate uses.

Percent Local and Non-Local Snow Bowl Use					
	Season Ticket Holders	Non Season Ticket Holders			
Total Users Surveyed	1,255	2,344			
Total Resident Users	385	200			
Percent Resident Users	31%	9%			
Total Local Users	424	451			
Percent From Local Area	34%	19%			
Total Non-Local Users	424	1,693			
Percent From Non-Local Area	34%	72%			

Source: Town of Camden Department of Parks and Recreation,

Camoin Associates

Using the total visitor estimate established for the most recent year (30,592), the table on the next page shows that 8,624 visitors to the Snow Bowl are Local Users and 14,859 are Non-Local Users for a total of 23,483 Non-Resident Uses who are net new to the economy and, therefore, their spending will have an economic impact.

Total Local and Non-Local Snow Bowl Use					
	Season Ticket	Non Season			
	Holders*	Ticket Holders			
Total Average Annual Use	18,825	11,767			
Percent From Camden	31%	9%			
Resident Users	5,775	1,004			
Total Resident Users		6,779			
Percent from Local Area	34%	19%			
Local Area Users	6,360	2,264			
Total Local Area Users		8,624			
Percent Non-Local Users	34%	72%			
Non-Local Area Users	6,360	8,499			
Total Non-Local Area Users		14,859			

Source: Camoin Associates

Visitor Spending by Category

The next step in the analysis is to calculate the types and amounts of visitor spending. In general, the types of purchases that are expected to occur as a direct result of the Snow Bowl include spending on transportation, recreation and entertainment, food, and retail. As stated previously, visitor spending in this analysis is based on previous research conducted by the Outdoor Industry and by the United States Department of Agriculture. The tables below show the average Local Users and Non-Local Users spending.

^{*} Assumes 15 days of use for each of the 1,255 season ticket holders

Local User Spending								
Category	Per T	rip Per Person	Number of Users		al Annual Spending Non Local Users			
Food & Drink	\$	17.06	8,624	\$	147,126			
Transportation	\$	10.00	8,624	\$	86,240			
Recreation & Misc	\$	33.95	8,624	\$	292,786			
Souvenirs	\$	3.90	8,624	\$	33,634			
Total	\$	64.91	8,624	\$	559,787			

Source: Camoin Associates, USDA

Non-Local User Spending							
Category	Cotogony Dor Trip Dor Dorog		Number of Hears	Total Annual Spending			
Category	r ei iii	Per Trip Per Person Number of Use		by	y Non Local Users		
Food & Drink	\$	27.12	14,859	\$	402,975		
Transportation	\$	20.73	14,859	\$	308,026		
Recreation & Misc	\$	76.98	14,859	\$	1,143,842		
Souvenirs	\$	7.17	14,859	\$	106,539		
Total	\$	132.00	14,859	\$	1,961,381		

Source: Camoin Associates, USDA

In addition to considering the Non-Resident Users spending as "new" (calculated above), we are also assuming that without the Snow Bowl local Resident User ticket sales would be eliminated as residents choose to go elsewhere for skiing/snowboarding opportunities. Typically recreation based impact analysis would not consider local resident spending as new⁵, but in this case there is no adequate substitution for the Snow Bowl. Therefore, it can be assumed that without the Snow Bowl local residents would spend their winter recreation dollars elsewhere and that revenue would be lost from Camden.

Camden Resident Spending							
Category	Type of Local User	Number of Users	Total Annua by Loca				
Recreation	Season Ticket Pass Holder (Annual)*	385	\$	110,880			
Recreation	Non Season Ticket Pass Holder (Daily)**	1,004	\$	35,140			
Total			\$	146,020			

Source: Camoin Associates

Direct spending that is occurring as a result of the Snow Bowl is \$2.6 million.

Direct New Spending					
Local Area User Spending	\$	559,787			
Non-Local Area User Spending	\$	1,961,381			
Camden Resident Spending	\$	146,020			
Total	\$	2,667,188			

Source: Camoin Associates

⁵ For example, if the project in question were a movie theater we would assume that the local residents would spend their recreation dollars on a substitute good, such as going out to dinner or seeing a play. But in this case the Snow Bowl is so unique that someone currently spending money on a season ticket for the Snow Bowl would not find going to the movies as an adequate substitution.



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^{*} Assumes local resident pays an average of \$288 annually for their season ticket.

^{**} Assumes local resident pays an average of \$35 per day.

Total Impacts on Camden

The impact of the Snow Bowl on the town of Camden comes primarily from user spending, both on-site

spending on lift tickets supporting operation costs and off-site spending on food, drink, gas, etc. The following section calculates the direct, indirect, and total impacts of the Snow Bowl on the town of Camden.

Visitor Spending Impact

Based on the projections for Local Users and Non-Local User visitation spending and Resident User ticket sales, \$2.6 million in direct net new spending was used as the input for the EMSI economic impact model. The EMSI model allows the analyst to break down the total spending by NAICS code to get an accurate



Source: Camden Snow Bowl

read for how one dollar spent in a specific sector multiplies throughout the local economy. To analyze the impact of the Snow Bowl on Camden, the total spending is broken down into a variety of NAICS codes that capture the spending habits of a typical winter recreationist.

It is important to note here that the direct spending figure includes spending on recreation, such as Snow Bowl lift tickets, which funds the operation of the mountain including maintenance and employees. The visitor spending is supporting the costs of operation and the on-site employees so the direct jobs and earnings shown in the table include Town employees working at the Snow Bowl and the direct sales include annual operation costs. There are 73 total employees working at the Snow Bowl but most are seasonal and part time, so the number of Full Time Equivalent employees is much smaller than 73 and is included in the 50 direct jobs shown below.

The table below outlines the direct and indirect economic impact of Snow Bowl user spending on the town of Camden. The indirect impacts are those that occur as the dollars from direct impacts cycle through the economy. For example, the new employees receive wages and in turn spend a portion of those dollars in the local economy for daily needs, housing and other expenses, and a proportion of those dollars are again re-spent in the local economy (See Attachment A for more details). As those dollars continue to circulate, additional jobs and business activity are created. This effect is captured in the indirect impacts. The \$2.6 million in direct sales result in a total of \$3.7 million in sales, 62 new jobs and \$1.4 million in earnings in and around Camden.

Economic Impact						
Direct Indirect Total						Total
Sales	\$	2,667,188	\$	1,021,922	\$	3,689,110
Jobs (FTE)		50		12		62
Earnings*	\$	1,042,721	\$	375,380	\$	1,418,101

Source: EMSI, Camoin Associates

^{*} Includes salaries, supplements, benefits, and business income



Attachment A: What is an Economic Impact Analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out." What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the "Indirect Effects" of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the "Induced Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the "multiplier" and is often reported as dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect and induced economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign



demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.









